



Office of Head Start

Wage Comparability 101:

A Guide for Conducting a Wage and Fringe Benefits Comparability Survey



[Enter Here](#)

Wage Comparability 101

A Guide for Conducting a Wage and Fringe Benefits Comparability Survey

Welcome to Wage Comparability 101, a guide for conducting a wage and fringe benefits comparability survey. A wage and fringe benefits comparability survey is an analysis of an employee compensation system in comparison to similar organizations that offer similar services and demographics. In order to establish and maintain high quality program operations and services, Head Start and Early Head Start programs must attract and retain qualified personnel. An important component of any program's ability to maintain a skilled and motivated work force is employee compensation.

The Wage and Fringe Benefits Comparability Tool, as seen at www.headstartwagecomp.net, has been designed to help Head Start and Early Head Start programs understand employee compensation as it relates to the process for conducting a wage and benefits comparability survey. This guide provides resources to assist local programs on how to conduct a wage survey and use the information from the survey to evaluate and improve their compensation programs.

The Wage and Fringe Benefits Comparability Tool has been designed to provide an on-line, user-friendly program for agencies to compare their wages and benefits for given positions to other agencies within their similar and relevant labor market. Once an agency submits its own wage and fringe benefits comparability data and invites a group of comparable organizations to participate, they will be able to compare their specific wage rates and benefits information with other agencies within their specific area and around the country.

[Understanding the Regulations Related to Employee Compensation](#)

[What to Consider Before Conducting a Wage and Fringe Benefits Comparability Survey](#)

[Guidelines for Conducting a Wage and Fringe Benefits Comparability Survey](#)

[Guidelines for Using Wage and Benefits Comparability Data](#)

[Considerations for Applying Survey Data](#)

[Tools](#)

Understanding the Regulations Related to Employee Compensation

Although there are no specific requirements for Head Start wage and salary plans, regulatory language exists regarding employee compensation for Head Start and Early Head Start programs. This section explains the Federal requirements related to employee compensation.

Head Start Act - Improving Head Start for School Readiness

The Head Start Act Section 653 requires that Head Start programs not pay "less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938" and encourages "Head Start agencies to provide compensation according to salary scales that are based on training and experience."

Sec.640.Allotment of Funds; Limitations on Assistance [U.S.C. 9835] requires that funds be reserved to carry out quality improvement activities under paragraph (4)(C) and this paragraph shall be used to improve the compensation

(including benefits) of educational personnel, family service workers, and child counselors, as described in sections 644(a) and 653, in the manner determined by the Head Start agencies (including Early Head Start agencies) involved to:

- (i) ensure that compensation is adequate to attract and retain qualified staff for the programs involved in order to enhance program quality;
- (ii) improve staff qualifications and assist with the implementation of career development programs for staff that support ongoing improvement of their skills and expertise; and
- (iii) provide education and professional development to enable teachers to be fully competent to meet the professional standards established under section 648A(a)(1), including—

- (I) providing assistance to complete postsecondary course work;

- (II) improving the qualifications and skills of educational personnel to become certified and licensed as bilingual education teachers, or as teachers of English as a second language; and

- (III) improving the qualifications and skills of educational personnel to teach and provide services to children with disabilities.

Sec. 644. Administrative Requirements and Standards [42 U.S.C. 9839] mandates that each Head Start agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to (A) establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits.

Sec. 653. [42 U.S.C. 9848] (a) Comparability of Wages- The Secretary shall take such action as may be necessary to assure that persons employed in carrying out programs financed under this subchapter shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher; or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938. The Secretary shall encourage Head Start agencies to provide compensation according to salary scales that are based on training and experience.

(b) Limitation-

- (1) IN GENERAL- Notwithstanding any other provision of law, no Federal funds may be used to pay any part of the compensation of an individual employed by a Head Start agency, if such compensation, including non-Federal funds, exceeds

(2) Compensation – In this subsection, the term ‘compensation’ - -

(A) includes salary, bonuses, periodic payments, severance pay, the value of any vacation time, the value of a compensatory or paid leave benefit not excluded by subparagraph (B), and the fair market value of any employee perquisite or benefit not excluded by subparagraph (B); and

(B) excludes any Head Start agency expenditure for a health, medical, life insurance, disability, retirement, or any other employee welfare or pension benefit

Head Start Program Performance Standards

The *Head Start Program Performance Standards* do not specify *who* must conduct a wage comparability survey, however, 45 CFR 1301.31(a)(1) indicates that written policies of Head Start grantee and delegate agencies must include descriptions of each staff position, addressing, as appropriate, roles and responsibilities, relevant qualifications, salary range, and employee benefits.

Title 2 CFR

The 2 CFR Part 230 Revised, Attachment B, 8(C)2 apply a standard of —reasonableness to compensation as follows:

When the organization is predominantly engaged in federally-sponsored activities and in cases where the kind of employees required for the Federal activities are not found in the organization’s other activities, *compensation for employees on federally-sponsored work will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor markets in which the organization competes for the kind of employees involved* [italics added].

This regulation is consistent with the purpose of wage comparability which is to link pay levels to those defined by the relevant labor market. The relevant labor market is typically that in which the employer must compete for employees with a particular skill set.

Fair Labor Standards Act (FLSA)

According to the program instruction issued in 2001, ACYF-PI-HS-01-01, Head Start and Early Head Start programs are covered by provisions of the FLSA. The FLSA is a federal law governing minimum wage, overtime pay, equal pay for men and women in the same type of job, child labor, and record keeping requirements. For more information on this program instruction, [select here](#).

[top](#)

What to Consider Before Conducting a Wage & Fringe Benefits Comparability Survey

From a financial perspective, an analysis of the employee compensation system should be based on a thorough understanding of applicable regulations and exploration of the personnel policies and procedures, processes and expenditures supporting an agency's compensation plan.

The following list of questions and answers can help your program decide whether to conduct its own study, hire a consultant to perform the work, join a coalition of organizations to conduct a survey, or draw from existing information from one or more sources:

1. *Are positions reported in other studies adequately similar to yours to use as comparisons?*

Choose benchmark positions, at least one from each grade in your position classification system, whenever possible, rather than trying to collect information on each and every position in the program. Head Start has some positions which have few comparable jobs in the broader community.

2. *Can you identify benchmark positions in your organization with adequate parallels in an outside survey?*

Be sure to choose benchmark positions which have parallels in the area. For example, if Disabilities Aide and Secretary are in the same grade, choose Secretary as the benchmark job. There are many secretaries about whom we can gather comparability information, but few Disabilities Aides in other programs.

3. *Do you know who responded to the survey?*

It is useful to obtain information about the organizations who have responded, so you can create a profile for comparability. Do you know the respondents to an external survey? In your own or a collaborative survey, a form asking organizations for information like budget, number of clients, type of agency (government, private non-profit, for-profit, faith-based, etc.), and number of staff will help you describe the group against which you compared your wages.

4. *Are job duties, levels of responsibility and qualifications clear from the survey?*

If you conduct your own survey, you can provide information about the jobs in your program for which you are requesting comparability data. A two to three sentence description of the position will help the organizations surveyed understand the job better than by just providing a job title. For example, "teacher" in a child care center may have dramatically different requirements and qualifications than "teacher" in a public school pre-K program.

5. *Is there a knowledgeable person whom you can contact with questions?*

If you use a survey conducted by another organization, is there someone who can serve as a resource to answer questions about the findings and methodology? If you conduct your own survey, be sure to ask for a contact person and phone number and/or email address from organizations who submit information to you, so that you can ask questions, if necessary, to ensure that data are accurate and complete.

6. *How much information is gathered?*

The least sophisticated wage comparability survey will gather only information about the job and the wage paid by other organizations. However, it is suggested that you go further and request information about each individual employed in each position surveyed. Information such as, level of education, number of years of experience, will help you determine how similar the comparability group is to your staff and will provide invaluable information about the wage necessary to attract the best qualified staff. Including information about fringe benefits in the survey will provide you with information about total compensation so that you can make informed decisions.

7. *How are wages reported?*

The survey should provide wage information based on hourly wage, not monthly, annual or some other aggregated compensation. Why do this? Because some organizations consider full-time to be 40 hours a week, others 35 hours a week. Some year-round staff work 2,080 hours a year; others work 1,920 or 1,760 hours a year. If you receive annual salary information from two organizations for the same position and one organization is based on 40 hour weeks, 52 weeks a year (2,080 hours/year) and the other is calculated on 35 hours a week for 48 weeks a year (1,680 hours/year), and both report salaries of \$30,000 a year, we have a big difference in hourly wage (\$14.42/hour in the first instance, and \$17.86 in the second - a 24% difference). When you ask for hourly wage data, you are able to compare “apples and apples.”

8. *How many organizations are represented in the survey?*

Your local survey should gather information from at least five other organizations. If you are able to obtain data from more agencies that are comparable to yours, do so. The more information you have from comparable organizations, the better comparability data you will generate. Studies conducted at the state level are likely to have a broader base of data. If the labor market in your area is significantly different from that of the broader state market, you can correct for the differences using the “correction factor method” described later in this guide.

9. *Do you have sufficient statistical sophistication to perform accurate and thorough analyses?*

Data should be compiled and analyzed using a spreadsheet, statistical package or other software which enables you to perform basic statistical analyses. You should generate frequencies and averages for most data elements. For wage, education and experience data, it will be useful to report high, low, and median data as well as averages. Measures which reflect the variability or dispersion of reported wages are also useful. The range and the standard deviation are the most common dispersion statistics, which tell you how spread out the data values are.

10. *Is there someone who understands these statistics (either in-house or a consultant) to help you synthesize the information and compile a wage comparability report?*

You are encouraged to work with a consultant who understands wage studies, so that you can further understand and use your data wisely and appropriately.

There is no specific requirement that a Head Start program conduct its own wage comparability survey. It is required that Head Start programs not pay wages in excess of those paid to individuals in comparable positions in the communities they serve. If a program can acquire relevant comparability data from another source such as, county government, United Way, or state employment services, that information can be used. In most circumstances, these sources are used to supplement, not supplant, locally conducted studies. It is helpful to examine compensation as a total package and it is good business practice to take a look at fringe benefits as a part of total compensation.

Keep in mind, that the regulation indicates that data should reflect the “area.” While there is no official definition of this term, it has been the opinion of some Federal officials that “area” refers not just as the program’s service area, but also the broader area from which the labor force is drawn. For some large, urban programs, that may simply mean a city, but for more geographically dispersed programs, that is often a multi-county, state or multi-state area.

For some positions, there may be adequate comparability data in your service area; for others, programs may need to cast a broader net to obtain enough relevant information to make determinations of comparability. For key positions, the relevant labor market may be different and often broader than for line and support staff positions.

Be cautious of wage studies that provide only national wage data. It is nearly impossible to effectively apply national data to your area or to tailor information that has been collected that broadly to describe wage patterns in a program’s service, catchment or recruitment area.

Another consideration when determining “area” or relevant labor market is to think beyond geographic region. For example, rural counties in northern Illinois have little in common with the Chicago labor market. Better comparisons might well come from comparable organizations in Milwaukee, Detroit, or Cleveland.

To avoid inappropriately inflating or deflating wage rates from these other comparable areas, differences in cost of living among the areas can be handled by using the correction factor method described later in this guide.

[top](#)

Guidelines for Conducting a Wage & Fringe Benefits Comparability Survey

Wage and fringe benefits comparability surveys are required to ensure that salaries do not exceed comparability, but more importantly to enable Head Start programs and their grantee and delegate agencies to design compensation policies and practices that are fair, equitable, and enable them to attract and retain qualified personnel.

Employee compensation should be guided by three factors: *comparability*, *equity*, and *affordability*. Head Start and Early Head Start agencies are responsible to ensure that, inasmuch as possible, their employees are compensated at levels *comparable* to others in the communities they serve who bring similar qualifications to similar positions.

In addition, local programs should design compensation strategies which are internally *equitable*. In other words, program employees with similar levels of responsibility, education and experience are paid similarly. Each grantee and delegate agency must develop compensation systems which are within the means of the agency; that is, wage, salary and benefits plans must be *affordable*.

Every agency should be able to design a wage and salary administration plan that is equitable and affordable; whether or not wages, salaries and benefits are comparable to those offered in the broader community is a function of funding level, priorities, and other resources.

The following information and methodology will guide Head Start and Early Head Start programs in conducting a wage and fringe benefits comparability survey. The steps provided below provides guidance on how to use the information gathered from the survey designed to improve the equity and comparability of wages and benefits.

Step 1. Develop Up-to-Date Job Descriptions

The basic element of any human resources system is the job description. Prior to conducting a wage comparability survey, it is critical to have up-to-date job descriptions. Data will be collected on specific jobs, so being clear about the key functions of jobs in your organization is a prerequisite to designing an effective wage comparability survey.

Once you are comfortable with the clarity and thoroughness of your organization's job descriptions, you can distill job descriptions for benchmark jobs (see explanation in Step 3 below) into mini-job descriptions for the purpose of conducting a wage comparability survey. Through the Head Start Wage and Fringe Benefits Comparability Project, a group of jobs common to Head Start and other human services organizations was identified. Mini-job descriptions were crafted for each of those positions. You may use these job summaries or modify them to better reflect the jobs in your organization. See the resources section at the end of this guide for sample mini-job descriptions.

Step 2. Ensure That the Position Classification System Is Accurate and Up-to-Date

The position, such as, director, teacher, secretary, or bus driver is the basis of an employee classification system. Programs should have a system or schedule of employee job classifications which group together jobs with similar levels of responsibility and qualifications.

For example, one classification or grade might include cook, custodian, and bus monitor while another higher grade includes literacy specialist, executive assistant, and accountant. Although the positions differ greatly from each other within the grade in terms of job duties, it has been determined that they have similar levels of responsibility and like qualifications. For example, a literacy specialist, executive assistant and accountant all have bachelor's degrees in job-relevant fields and at least five years of experience, on the other hand, no formal education is required for the cook, custodian or bus monitor.

In addition, entry level positions may also require no previous experience. Positions are generally classified into classes, levels or grades. Each grade includes the list of positions which are grouped together in that classification.

These position classifications show the relative worth of one job to another and form the foundation for internal equity in the compensation plan. In other words, employees in the same grade with the same qualifications would expect to be paid at the same or nearly identical level. Exceptions should reflect differential pay based on performance (e.g., merit pay), not on favoritism, accidents of history, or other subjective factors.

Step 3. Select Benchmark Positions

Benchmarking is a process to establish a standard or point of reference for use in evaluating the hourly wages of the organization. Once the position classification system is reviewed and/or revised, one or more benchmark positions should be selected from within each grade. Wage data are then solicited only for those benchmark positions.

Each benchmark should be a common position which tends to have similar duties and responsibilities associated with it regardless of the employer. In the previous example, we encouraged you to select Secretary as a benchmark from a grade which includes Secretary and Disabilities Aide, since Secretary is the more common position. Refer to the Resources section for sample descriptions of positions and guidance on positions that are common in the Head Start and human services milieu.

Why select benchmarks at all? Why not just collect data on all positions in your program or agency? In an ideal world, an employer-developed survey would describe and collect compensation survey data on every job in the target organization. Programs can, in fact, collect data on all 43 jobs listed in the *Descriptions of Positions* identified through this project.

There are at least two considerations that render this global strategy infeasible. First, most organizations have a subset of job classifications that are relatively unique or perhaps rapidly evolving. For these jobs, finding external organizations with similarly structured jobs, or at least finding a sufficient number of them to provide stable wage rate estimates, is quite unlikely. In these instances, the relevant data are often just not there to be collected. The more common impediments to the global approach are however the logistical obstacles.

Respondents to compensation survey solicitations generally have limited time to allocate to the completion of the many data requests they receive. Surveys with very lengthy lists of job titles are more likely to be ignored than those requesting information on a limited number of job classifications.

The benchmark jobs approach is the more common strategy for gathering wage and benefits survey data. Benchmark jobs have content that is relatively stable and similar across employers. They are also fairly common across employers, especially among those in a particular industry, such as, early childhood education or human services.

The disadvantage of the benchmark approach is that only a subset of jobs is directly indexed to the external market. Your organization must then extrapolate survey data to the remaining jobs in your organizational structure. Choosing one or two benchmark jobs from each grade enables an organization to generalize to other jobs in that grade, with the certainty that all jobs within a grade are more similar to each other than they are to other jobs in other grades.

Your Head Start program may want to review the list of 43 jobs included in the *Descriptions of Positions* and choose benchmark jobs from among those listed. You can then request that your comparable organizations provide data for only those specific benchmarks, rather than all 43 jobs, or even all jobs in your agency.

Comparisons are made of the benchmark jobs' hourly wages with your organization's current hourly wages for the grade in which each benchmark job is classified. Using the benchmark wages and average years of experience as a guide, the entry level hourly wage for each grade in a target salary schedule can be established.

In addition, be sure to provide appropriate increases between grades that reflect determinations of the levels of responsibility and requisite qualifications for positions in each grade. Finally, the size and complexity of the organization should be considered in reviewing benchmarks.

Step 4. Identify and Invite the Participation of Comparable Organizations

Once all of your internal activities have been completed, it is time to ***identify the comparable organizations*** ("***comparables***") from which you want to collect comparability data. Among the most critical and challenging wage and benefits comparability decisions is the selection of external organizations from which compensation data are solicited. When employers seek to link their pay structures to the "market", the relevant labor market includes those organizations with which they compete for employees. These relevant labor markets can be defined by employers who compete for employees to do the same jobs, who compete for employees within the same geographic area, and/or organizations that offer a similar product or service.

The greater and more sophisticated the set of competencies required for a job, the broader the geographic boundaries defining the relevant job market. The reality is, given the mix of jobs in most organizations; almost all employers compete for labor in multiple markets. Rarely will a single wage survey comprehensively address "market" pay for the full spectrum of job classifications in an organization.

Multiple surveys with a unique mix of survey respondents for different job classifications could produce the best comparability information. For example, for positions like cook or custodian, it may be advisable to survey other area employers who offer entry level positions, such as fast food, retail, hotels and motels. For management positions and others requiring specialized knowledge and skills, casting a broader net geographically (e.g., other areas of the state or region with demographics similar to your area's) may provide more comparable data.

For most organizations, choosing comparable organizations from among others in the human services sector in their broad geographic area will provide adequate comparability measures. However, it may be prudent to choose additional comparables to gather information on the highest level jobs or positions where the agency has experienced considerable turnover (that may be related to substandard wages in your geographic area).

A frequent characteristic of locally conducted Head Start wage comparability surveys is that they gather data solely from other Head Start programs within their state or area. This practice is not particularly desirable, for several reasons as follows:

1. Head Start tends to be a low payer, not reflective of the broader labor market.
2. Comparable organizations should be those with whom the Head Start program directly competes for talent, unless a Head Start program recruits staff primarily from and loses staff primarily to other Head Start programs.
3. There are different auspices, sizes, and services provided across Head Start and Early Head Start programs. For example, a Head Start program in the next county may be much less comparable to your program than the senior center down the street.

In order to obtain a sample of early education and human services programs to provide a broad spectrum of comparability data, your program should identify outside agencies that have positions comparable to the benchmarks you have chosen and provide similar services. You can choose a mix of other programs serving children, families, seniors and other community residents, such as data from:

- child care centers and pre-K programs
- health, rehabilitation and mental health centers with jobs and credentials comparable to Head Start staff in the health and nutrition areas
- Social workers, outreach workers, and case managers find parallels in social services agencies, rehabilitation and family and children's centers
- Agencies on aging, senior citizen programs and family service programs have staff similar to those in family services and parent involvement.

Organizations which Head Start programs may want to contact to provide comparability data include:

- public schools, specifically pre-k programs
- child care centers
- hospitals
- social services agencies
- nursing and assisted living facilities
- government agencies
- health departments

- private children's organizations (e.g., Big Brothers/Big Sisters, Boys and Girls Clubs)
- housing authorities
- mental health agencies and centers
- educational, social services and other human service programs offered by the faith-based agencies
- organizations engaged in human services and related activities

There are no clear rules for how many employers to include in a wage and fringe benefits comparability survey. However, if comparables are chosen carefully, five other organizations should represent a reasonable sample. One rule is clear: Identify more comparables than you need for your study. Experience has shown that not every organization you invite will participate.

Aggregating wage data across fewer than five organizations often raises questions about the stability of the resulting market wage estimate. But simply aggregating across a large number of organizations with widely varying compensation does not ensure a useful estimate. Likewise, there is no invariant minimum number of employees in a job classification required to meaningfully estimate a market wage for that position. Nevertheless, a good rule of thumb is that you need information on at least five employees in a job to establish comparability.

What can be said is that in defining the market wage for any job, relatively less survey data are necessary when surveyed jobs are carefully defined, with a consistent definition of compensation, the more similar the results will be to the intended employer.

Once a group of comparable organizations has been identified, the next step is to ***invite comparables to participate*** in your wage and fringe benefits comparability survey. Experience has provided several successful strategies in making these invitations:

1. *Invite comparables with whom your organization has an existing relationship.* We are asking colleagues to do us a fairly time-consuming favor. This is not the best time to cultivate a new relationship.
2. *Choose organizations of similar size and quality.* It is equally inappropriate for a medium sized Head Start program to compare itself with a large local state university as with the custodial mom-and-pop day care center across the street.
3. *Have someone in your organization who is acquainted with a key member of the comparable organization contact that person in person to request that agency's participation.* A personal contact followed up in writing advises the comparable agency that a formal request is coming,

4. *CEO to CEO is the best level of contact.* If the top administrator in your organization is willing to contact his/her colleagues in comparable organizations and obtain a commitment of their participation, that organization is likely to take the invitation seriously and provide the requested information.
5. *Follow-up with a written invitation and explanation of the project.* Sample letters are included in the Resources section at the end of this guide. They include the information you need to give to comparables and may be adopted for your use or adapted to better reflect your personal style of communication. Be sure to read the sample letters carefully and fill in all the blanks with your own information.
6. *Provide a realistic estimate of the time that the comparable's participation will take.* We estimate that the *entire process* will take six to eight weeks from the date of invitation to completion: two weeks to get comparables contacted and committed; four weeks for them to complete their data entry; and two additional weeks to round up those who do not meet the deadline. It is suggested that comparable organizations be given a deadline for submission of their materials one month from the initial invitation.

In terms of *data entry time* for each comparable, using www.headstartwagecomp.net, we estimate that it will take about ten minutes to enter basic organizational data and 1-2 minutes per employee whose data are entered. Completion of fringe benefits information is likely to take 3-5 minutes for each of the four positions.
7. *Identify someone in your organization or your consultant whom the comparables can contact for assistance.* Other organizations are more likely to fulfill their commitment to participate in the survey, if they have someone to contact if they encounter difficulties.
8. *Follow-up personally.* During the data entry phase, contact the key individuals in the comparable organizations personally to offer assistance, keep the project and its deadlines in the forefront of their thinking, and offer your thanks for their participation.

Step 5. Conduct the Survey

The system developed through the Head Start Wage and Fringe Benefits Comparability Project includes *two survey approaches: on-line and stand-alone paper-and-pencil surveys*.

The on-line approach enables programs and their comparable agencies to participate in wage and fringe benefits comparability surveys via the Internet. Organizations can contact colleen.mendel@wku.edu to conduct a survey at a nominal fee using the methodology, protocols and software developed under the SBIR project. This approach will enable your organization to obtain a complete and fully compliant wage and fringe benefits comparability survey.

The stand-alone approach provides programs with the capacity to perform their own more limited studies independently for their local program or agency utilizing the Wage and Fringe Benefits Comparability Toolbox, which is free of charge at <http://eclkc.ohs.acf.hhs.gov/hslc>.

The *Head Start Wage and Fringe Benefits Comparability Survey* package includes all of the information, forms, and sample letters to enable programs to request data from agencies with comparable positions, share their own wage and benefits information as part of a broader community survey, and generate reports to use in evaluating their compensation packages. Refer to the section on Resources for sample forms and other information that is used when conducting a survey.

To complete a survey on-line or download materials and forms, go to www.headstartwagecomp.net. Paper-and-pencil forms and instructions can also be downloaded from the Wage and Fringe Benefits Comparability Survey section.

Survey data should be gathered at both the organizational and employee level. The forms which accompany this package in both the on-line version and the paper-and-pencil version provide for the collection of all of these data. Refer to the Tools section for instructions for completing the wage and fringe benefits comparability survey.

Organizational Information

State and Counties Served	List of the state and counties served by the comparable organization
Program Type	Head Start/Early Head Start, Community Action Agency, Health Care Provider, Institute of Higher Education, Other, School District, Social Services Organization
Program Category	For-Profit Organization, Government Entity, School District, Indian Tribe, Individual,

	Institute of Higher Education, Not for Profit Organization, Other, Special District
Type of Program	Urban, Rural, Urban/Rural Combination
Sources of Funding	Federal, State, City/County, Private, Other
Size of Program	Number of children/clients served
Budget Information	Annual program/agency budget
Number of Employees	Number of individuals employed by the organization

Employee Level Data

position
number of supervisees (if applicable)
level of education
number of years of experience
credential, certification or licensure
number of hours worked per year
hourly wage or annual salary

Fringe Benefits Data

position (director, teacher, administrative assistant, and custodian)
hourly wage
number of hours worked per year
percentage based fringe benefits (FICA/Medicaid, workers' compensation, disability and unemployment insurance, retirement/pension)
flat rate benefits (health, dental and life insurance)
miscellaneous benefits
leave (annual leave, sick leave, other leave, paid holidays)

The organizational level data make it possible to create a profile for organizations participating in the survey and to compare that composite profile against the characteristics of the target agency.

Employee level data provide a set of descriptors for each benchmark position that can be used to most accurately determine comparability of wages. To engage in accurate comparisons, it is important to look beyond the wage paid to other factors such as supervisory responsibilities, education, experience, and so on.

Include fringe benefits data in order to obtain a picture of the complete compensation package for selected classes of employees. You can use this information to generalize that to other positions in the same classes as those represented by the selected positions.

One of the most important aspects of wage comparability is using data on hourly wages. It is imperative to ask for all dollar amounts based on hourly wage to ensure that accurate comparisons are made or compute hourly wage by obtaining annual salary and number of hours worked per year by employee. For example, some agencies consider full-time to be 40 hours a week, while others consider it 35 or 37.5 hours a week. Some employers treat 260 days as a full year; others consider it 240 days and so on. Some organizations, like public schools and Head Start programs operating part year programs, offer employees the option of spreading their nine month salaries across a twelve month period.

Gathering data on annual salary or even monthly or weekly compensation does not allow for accurate comparisons. For accurate comparisons, it is important to use the lowest common denominator, hourly wages.

It is also useful to know the annual salary for a given position. In some instances, to be competitive, it is necessary to look beyond hourly wage to annual income. For example, even a generous hourly wage paid to work only a few hours a year may be inadequate to attract and retain staff. It is therefore important to examine both annual salary and hourly wage, but it is essential to use hourly wage for comparison purposes.

To calculate the total annual compensation received by employees, a wage comparability survey should request the number of hours worked per year by each employee surveyed. With the hourly wage and the number of hours worked per year, it is easy to calculate the annual salary (i.e., hourly wage x hours worked per year = annual salary/wages).

The on-line survey allows respondents to enter either the hourly wage or the annual salary, plus the number of hours worked per year, and thereby generates both hourly wage and annual salary for each position. Local surveys may use the same approach. However, to perform accurate comparisons, it is critical to calculate average hourly wage for each position.

Step 6. Analyze Comparative Wage and Benefits Data

Once the data are collected, analyses must be performed and conclusions drawn. The on-line survey will conduct all of the relevant analyses listed below. Head Start programs that choose the paper-and-pencil strategy will need to enter data into a spreadsheet or statistical package or use other software to perform the analyses. The following analyses should be conducted on the various data sets:

Organizational Information

- Note the state and counties served by target and comparable organizations
- List the types and categories of organizations responding to the survey and those same characteristics for the target organization
- Note the demographics of respondents and target organization
- Calculate the mean percentage of funding received from each source as compared to the target organization
- Calculate the mean and median program size, budget, and number of employees for each comparable organization and compare that information to the target organization

Employee Level Data

- *Wage report:* Report the number of cases for each position; calculate the mean, median, standard deviation, minimum, and maximum wage for each position and the mean number of hours worked
- *Qualifications and responsibilities profile:* Determine the mean number of supervisees for each position, as well as the average number of years of experience and average level of education for incumbents in the position; reporting whether a position is New or Replacement allows for the calculation of turnover rates in each position by taking the percentage of individuals who filled a vacancy (replacement) in that position and ignoring employees with less than one year of experience who filled newly created positions (New)
- *Certification, licensure and credentials profile:* Calculate the number of individuals by position with various certificates, licenses and credentials; determine the differential in wages for credentialed staff and those with no certifications by calculating the mean hourly wage for individuals with no certificate, license or credential versus the mean wage for job incumbents with each type of credential

Fringe Benefits Data

- Calculate the average percentage or dollar amount for each benefit for each position
- Aggregate paid leave benefits (if desired) for each position
- Aggregate other fringe benefits for each position

- Determine total of basic benefits as a percentage of salary and a dollar amount (basic benefits include FICA/Medicare, Worker's Compensation, Disability Insurance, Unemployment Insurance, Retirement/Pension, and Health, Dental and Life Insurance)
- Determine total of paid leave benefits as a percentage of salary and a dollar amount
- Aggregate all benefits and calculate the percentage of salary represented by total benefits and their total dollar amount

The on-line approach enables programs and their comparable agencies to participate in wage and fringe benefits comparability surveys via the Internet. Organizations can contact colleen.mendel@wku.edu to conduct a survey at a nominal fee using the methodology, protocols and software developed under the SBIR project. This approach will enable your organization to obtain a complete and fully compliant wage and fringe benefits comparability survey.

The stand-alone approach provides programs with the capacity to perform their own more limited studies independently for their local program or agency utilizing the Wage and Fringe Benefits Comparability Toolbox, which is free of charge at <http://eclkc.ohs.acf.hhs.gov/hslc>.

Step 7. Draft a Wage and Fringe Benefits Comparability Report

A Wage and Fringe Benefits Comparability Report is more than just a collection of tables and analyses. The report should draw inferences about the findings and apply the information to the local program. It should include the purpose and scope of the work, the methodology and findings, and the tables of data. Many Wage and Fringe Benefits Comparability Reports also include policy recommendations and implementation strategies.

Once a Head Start program has the statistical reports and profiles from the on-line survey or its own analyses, it is important to present the information in an easily understandable and integrated report. The report can be generated by a staff member or consultant.

Some reports go further to use the wage and fringe benefits comparability information to inform the development of a revised salary scale. Some also include a budget impact analysis which indicates the cost of implementing the salary schedule based on the comparability data, as well as the associated increases in fringe benefits. Head Start programs can develop these sections of the report themselves, utilize the Head Start Wage and Fringe Benefits Comparability Project consultants, or employ a local expert to guide the process and write the report.

Step 8. Develop a Wage, Salary and Benefits Administration Plan, Policies and Practices

The final step in this process is to use the data from the wage and fringe benefits comparability survey to improve and enhance an organization's wage and salary administration plan, benefits administration, compensation policies and practices. Information in the following chapter provides guidance to effectively use this comparability information to foster program improvements and enhancements.

Recall that a wage and fringe benefits comparability survey addresses only one of the important elements of an organization's compensation plan – comparability. Internal equity and affordability must also be considered and can be strengthened by carefully applying information from the comparability survey. Furthermore, compensation policies and practices can be reviewed in light of external comparability data.

[top](#)

Guidelines for Using Wage & Benefits Comparability Data

The data reported in a thorough and methodical wage and fringe benefits comparability survey supply the basic information necessary to ensure that Head Start and Early Head Start programs meet the requirements of the Head Start Act. An organization can use these data as the basis for the development of its wage and salary administration plan and, by reviewing fringe benefits information as well, to design the organization's complete employee compensation plan.

Benchmark positions should be compared against agency positions. The salary schedule which is developed should reflect the relative worth of positions within the organization. The schedule should also offer wages as comparable to those paid to employees in similar positions in other organizations. These two elements - internal equity and external comparability - are crucial, if an organization is to attract and retain qualified employees, and distinguish between positions requiring different levels of factors such as, responsibility, risk, and autonomy, with varied qualifications.

Head Start programs may also have access to statewide wage comparability surveys or data from other areas which represent relevant labor markets. These data can be used if adequate measures are taken to tailor the data to the local labor market. Consider the following steps when analyzing your data:

Step 1

- A. Ensure that the data in fact represent a relevant labor market. If the relevant labor market is not the local community or if it is well beyond an organization's service area, then state or broad area data may provide the best source of comparability. This is especially important when organizations are looking at subsets of information, such as, teachers with and without state certification or directors with Master's degrees.

This information will be valuable to review broader studies rather focusing solely on information from a narrower locale, since the number of cases in categories will be larger than for individual locales and certainly more reliable than for smaller areas within a state.

Because of the relationship between median per capita income and hourly wages in an area, it may also be important to correct for differences in cost of living in different areas, the “correction factor method” discussed earlier in this guide. If the median per capita income for an organization’s service area differs significantly from the median per capita income for the labor market in the survey, a correction factor may be calculated. The correction based on differences in median per capita income is performed as follows.

- B. Compare median per capita income of your service area with the survey median per capita income. (County median per capita incomes figures are broadly available from state agencies and on the Internet.) If it represents a significant difference, proceed to calculate the correction factor.
- C. If your area median per capita income is significantly different from the survey figure, either above or below the survey average, compute your area’s percentage of that figure. To do this, divide the median per capita income of your area by the survey median per capita income. If your median per capita income is higher than the survey average, your result will be greater than one; if it is lower, your correction factor will be less than one.

Example: your area median per capita income: \$32,500
 survey median per capita income 28,641
 $32,500 / 28,641 = 1.13$
 Therefore, your correction factor is 1.13.

- D. Multiply the survey hourly wages by your correction factor to obtain an adjusted hourly wage for each position. If the survey contains a large number of positions, you need not multiply all hourly wages by your correction factor, but only those for the positions chosen as benchmark positions. These corrected figures will be your benchmark wages.

Example: average hourly wage for teacher \$15.91

To adjust this hourly wage for your program which has a median per capita income of \$32,500, multiply the hourly wage by your correction factor of 1.13.

$\$15.91 \times 1.13 = \17.98

Step 2

Apply information collected from the survey to your benchmark positions. Compare positions from the survey with those in your organization. Fill in between grades and levels within grades to complete your salary scheme for each grade and level.

Step 3

Conduct comparisons of benchmark wages with agency positions.

Step 4

Construct a salary schedule based on the benchmark data, grades and levels, agency ability to pay and step (i.e., annual and/or merit) increments or pay bands.

Using this simple process will enable you to identify benchmark position comparisons from other surveys or from your own survey of disparate labor markets which reflect the differences or similarities between agency wages for positions in a given classification and those paid by employers with similar positions. From these findings, a salary schedule which includes entry level wages for each classification and either step increases or broader pay bands will emerge.

The salary schedule provides the basis for assigning salaries and noting salary ranges on job descriptions. The salary schedule should be used to:

- place each employee at the compensation level appropriate to his/her position and qualifications
- assign salary levels for new hires
- guide salary decisions for employees who are promoted within the organization
- reflect a career and compensation progression showing employees how salaries will increase with professional and career development

Finally, this analysis and comparison will enable your program to respond appropriately to Federal cost-of-living increases by ensuring that those employees whose salary levels are below comparability are eligible for increases, while withholding increases from those whose salaries exceed comparability.

[top](#)

Considerations for Applying Survey Data

A wage and fringe benefits comparability report enables the reader to examine wage and benefits comparability data for the relevant labor market. In addition, education, experience, and certification, credential, or licensure data which enable users to go beyond benchmark positions for specific wage data based upon these variables. It is important to consider the following key points in applying survey data to an organization.

1. **It is difficult to determine wage comparability with real accuracy on the basis of only two or three cases.** Therefore, for those positions of which there are only one or two per agency, wage comparability must be determined from a larger sample, ordinarily state or broad area data. Take care not to base comparability on a small number of cases and check the number of cases in each category when reviewing the output. It is suggested that wage comparability not be computed using positions with fewer than five cases.
2. For positions such as teacher, teacher assistant, bus driver, cook, secretary, and so on, **where there are a large number of cases, local data may be more than**

adequate to determine comparability. It is also wise to choose these more common positions for local benchmarks to ensure adequate numbers to clearly establish comparability. That is, for a grade which may include teacher assistants, family service assistants, and disabilities assistants, you are advised to choose teacher assistant rather than disabilities assistant or family service assistant as the benchmark, since fewer of the latter exist in either this survey or in communities in general.

If an organization has positions that are not addressed in the survey, it is still possible to obtain comparability data for those positions. The mini-job descriptions included in the Resources section at the end of this guide will aid in identifying other positions requiring similar skills, education, experience, certification, and/or responsibility. Additionally, positions classified in the same grade and level within your position classification system should command the same wages, even though there may not be data on all positions within the grade or level. That is the reason that benchmark positions are chosen for each classification or grade.

3. **Agencies can establish wage comparability for positions which do not have the same titles or are not included in the survey provided that levels of responsibility, qualifications, and so on are commensurate or if tasks are similar to other positions which are included.**

For example, there may be sufficient similarity between a Head Start parent involvement specialist and a nursing home resident activities director to apply comparability data between these two jobs, even though the job title *resident activities director* is not included in this study.

To avoid missing the opportunity to compare positions which are similar in duties but not in name, this project has provided mini-job descriptions to help respondents identify positions with similar responsibilities, but with different titles, and added other frequently used titles for jobs listed in the *Descriptions of Positions*.

4. **Without mobility, there is no comparability.** That is, if the credentials, experience, or other qualifications for one job would not allow its incumbents to move into another job with the same or similar title, comparability cannot be established between those jobs.

For example, even though a public school and a Head Start job carry the title *teacher*, if the requirements differ, (i.e., BA/BS, teaching certificate or a Child Development Associate (CDA) credential), the jobs are not comparable for pay purposes. For that reason, it is important for a wage comparability survey to include information about education and licensure, credential and certification.

5. **A wage comparability survey should be used as a guide, providing benchmarks in specified positions, not as a salary schedule.** Because data are submitted from a variety of sources, steps and levels are not necessarily consistent within the survey. For example, survey data could show that an assistant teacher with a CDA earns an average hourly wage of \$9.70, while a teacher assistant with a teaching certificate averages a lower \$8.74 an hour.

Although this may appear to be an error in the survey, it simply reflects the fact that the survey reports data compiled from several different organizations and is not designed to be adopted as a salary schedule.

In interpreting a wage and benefits comparability survey or using the data to support local compensation planning, it is important to recognize these issues and use caution so that decisions are not made on the basis of inadequate, unadjusted, or incongruous information or inappropriate comparisons.

By applying the steps listed above and considering these five key points, a valid assessment of comparability of wages and benefits can be made and a useful, accurate and equitable wage scale and benefits package can be designed.

[top](#)

Tools

Select from the resources listed below which are part of the *Head Start Wage and Fringe Benefits Comparability Survey Toolbox* that includes all of the information, forms, and sample letters you will need to conduct a wage and fringe benefits survey.

- [Information needed to complete the online survey](#)
- [Instructions for completing the wage and fringe benefits comparability survey](#)
- [Sample job position descriptions](#)
- [Sample letters](#)
- [Sample wage comparability survey form](#)
- [Personnel Worksheet](#)
- [Contact Information Form](#)
- [Compensation Checklist: What to Consider for Conducting a Wage Comparability Survey](#)

[Back to Toolbox Home Page](#)

Source: Office of Head Start Wage and Fringe Benefits Comparability Survey Project, SBIR Project, 2008